

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended March 31, 2019 and 2018

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at March 31, 2019 and December 31, 2018*

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**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**

As at March 31, 2019 and December 31, 2018

	Note	March 31, 2019 US\$	December 31, 2018 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	43,582,629	43,196,365
Right-of-use assets	10	740,855	-
<b>Total non-current assets</b>		<b>44,323,484</b>	<b>43,196,365</b>
<b>Current assets</b>			
Inventories	11	17,694,065	17,199,513
Prepayments		1,153,505	1,237,032
Trade and other receivables	12	20,343,259	19,061,758
Cash	13	3,924,321	4,617,083
<b>Total current assets</b>		<b>43,115,150</b>	<b>42,115,386</b>
<b>Total assets</b>		<b>87,438,634</b>	<b>85,311,751</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		22,705,025	22,428,417
Share-based payment reserve		4,414,823	4,464,416
Retained earnings		35,893,923	34,365,745
<b>Total equity</b>		<b>63,013,771</b>	<b>61,258,578</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	8(iv)	1,325,031	707,499
Loans payable	14	2,768,594	3,370,523
Lease liabilities		335,676	-
<b>Total non-current liabilities</b>		<b>4,429,301</b>	<b>4,078,022</b>
<b>Current liabilities</b>			
Trade and other payables	15	13,011,956	13,258,413
Loans payable	14	2,907,713	2,907,713
Lease liabilities		313,964	-
Taxes payable	8(ii)	3,068,929	2,886,000
Related party payables	17(iii)	693,000	923,025
<b>Total current liabilities</b>		<b>19,995,562</b>	<b>19,975,151</b>
<b>Total equity and liabilities</b>		<b>87,438,634</b>	<b>85,311,751</b>

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE**  
**INCOME (UNAUDITED)**

*For the three months ended March 31, 2019 and 2018*

	Note	March 31, 2019 US\$	March 31, 2018 US\$
Revenue		22,127,223	24,252,197
Cost of sales	7	(15,751,328)	(16,716,891)
<b>Gross profit</b>		<b>6,375,895</b>	<b>7,535,306</b>
Selling, general and administrative expenses	7	(2,714,610)	(3,091,131)
Foreign exchange gain/(loss)		260,084	(105,971)
<b>Results from operating activities</b>		<b>3,921,369</b>	<b>4,338,204</b>
Finance income		2,546	1,320
Finance costs		(137,059)	(114,527)
<b>Income before taxation</b>		<b>3,786,856</b>	<b>4,224,997</b>
Income tax expense	8(i)	(2,258,678)	(2,856,317)
<b>Income and total comprehensive income for the period</b>		<b>1,528,178</b>	<b>1,368,680</b>
<b>Income per share</b>			
Basic	20(i)	\$0.04	\$0.03
Diluted	20(ii)	\$0.03	\$0.03

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

*For the three months ended March 31, 2019 and 2018*

	Share Capital US\$	Share- based Payment Reserve US\$	Retained Earnings US\$	Total Equity US\$
Balance at January 1, 2019	22,428,417	4,464,416	34,365,745	61,258,578
Income and total comprehensive income for the period	-	-	1,528,178	1,528,178
Exercise of stock options	276,608	(80,516)	-	196,092
Share-based payment expense	-	30,923	-	30,923
<b>Balance at March 31, 2019</b>	<b>22,705,025</b>	<b>4,414,823</b>	<b>35,893,923</b>	<b>63,013,771</b>
Balance at January 1, 2018	22,129,477	4,319,175	33,980,478	60,429,130
Adoption of IFRS 9 (Notes 3 and 11)	-	-	(217,845)	(217,845)
Balance at January 1, 2018 (restated)	22,129,477	4,319,175	33,762,633	60,211,285
Income and total comprehensive income for the period	-	-	1,368,680	1,368,680
Exercise of stock options	162,050	(58,897)	-	103,153
Share-based payment expense	-	97,621	-	97,621
<b>Balance at March 31, 2018</b>	<b>22,291,527</b>	<b>4,357,899</b>	<b>35,131,313</b>	<b>61,780,739</b>

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

*For the three months ended March 31, 2019 and 2018*

	March 31, 2019 US\$	March 31, 2018 US\$
<b>Cash flows from operating activities</b>		
Income before taxation	3,786,856	4,224,997
<i>Adjustments for:</i>		
Depreciation expense	1,850,168	1,486,183
Movement in expected lifetime credit losses	(57,873)	(78,534)
Change in provision for inventory obsolescence	40,948	186,797
Equity-settled share-based payment expense	30,923	97,621
Finance income	(2,546)	(1,320)
Finance costs	137,059	119,888
Unrealized foreign exchange (gain) / loss	(230,282)	46,530
	<b>5,555,253</b>	<b>6,082,162</b>
Change in inventories	(535,500)	(438,665)
Change in prepayments	8,278	140,994
Change in trade and other receivables	(1,223,627)	550,180
Change in trade and other payables	16,987	1,504,791
Cash generated from operations	3,821,391	7,839,462
Finance income received	2,546	1,320
Finance costs paid	(127,982)	(123,734)
Income taxes paid	(1,458,217)	(1,382,230)
<b>Net cash generated from operating activities</b>	<b>2,237,738</b>	<b>6,334,818</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(2,135,565)	(3,081,945)
<b>Net cash used in investing activities</b>	<b>(2,135,565)</b>	<b>(3,081,945)</b>
<b>Financing activities</b>		
Loan repayments	(601,929)	(578,641)
Shares issued	196,092	103,153
Lease liabilities payments	(123,071)	-
Change in related party payables	(230,025)	-
<b>Net cash used in financing activities</b>	<b>(758,933)</b>	<b>(475,488)</b>
<b>Effect of movement in exchange rates on cash</b>	<b>(36,002)</b>	<b>59,441</b>
<b>Net (decrease) / increase in cash</b>	<b>(692,762)</b>	<b>2,836,826</b>
Cash at beginning of the period	4,617,083	5,691,742
<b>Cash at end of the period</b>	<b>3,924,321</b>	<b>8,528,568</b>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three months ended March 31, 2019 and 2018*

**1. GENERAL INFORMATION**

Geodrill Limited (the “Company” or “Geodrill”) is a company registered and domiciled in the Isle of Man. The address of the Company’s registered office is Ragnall House, 18 Peel Road, Douglas, Isle of Man, IM1 4LZ. The unaudited condensed interim consolidated financial statements of the Company for the periods ended March 31, 2019 and 2018 comprise the interim financial statements of the Company and its wholly owned subsidiaries, Geodrill Ghana Limited, Geotool Limited, Geo-Forage BF SARL, Geo-Forage Cote d’Ivoire SARL, Geo-Forage Mali SARL, Geo-Forage Senegal SARL, Geodrill Mauritius Limited, Geodrill Cote d’Ivoire SARL, D.S.I. Services Limited (“DSI”) and Geodrill Limited’s registered foreign Zambian operating entity, together referred to as the “Group”.

The Group is primarily a provider of mineral exploration drilling services. These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of Geodrill on May 11, 2019.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2019 have been prepared in accordance with IAS 34, Interim Financial Reporting, on a basis consistent with the accounting policies as presented in Note 2 disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2018 except for the adoption of the new standard effective January 1, 2019 as described in Note 3. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) has been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited 2018 annual consolidated financial statements of the Company.

**(b) Basis of measurement**

The unaudited condensed interim consolidated financial statements are prepared on the historical cost basis except where otherwise stated.

**(c) Functional and presentation currency**

The unaudited condensed interim consolidated financial statements are presented in United States dollars which is the Group’s functional and presentation currency.

**(d) Critical accounting estimates and judgments**

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2018.

**(e) Impairment testing**

The current market capitalization of the company was considered to be an indicator of potential impairment of the carrying value of the Group’s property, plant and equipment as at March 31, 2019. The outcome of the analysis was such that the expected net recoverable amount exceeded the carrying value of the property, plant and equipment and, accordingly, no impairment loss was recognized in the period.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2018, with the exception of the impact of certain new accounting standards or new interpretations issued by the IASB, which were effective from January 1, 2019.

#### **a) Adoption of new and amended accounting pronouncements**

##### **IFRS 16 – Leases**

The Group has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening Statement of Financial Position on January 1, 2019.

On transition, the Group has opted to apply the following practical expedients:

- 1) Used a single discount rate to the portfolio of operating leases
- 2) Opted not to apply IFRS 16 to operating leases for which the lease term ends within 12 months of the date of initial application.

As the opening balances have not been restated, the 2018 balance are classified and measured as follows:

##### **(i) Classification**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are stated as assets of the Group at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease obligation. Finance costs are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

Leases where significant portions of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

##### **(ii) Lease payments**

Payments made under operating leases are charged to comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place. Minimum lease payments made under finance leases are apportioned between finance expense and a reduction of the outstanding lease liability.



**GEODRILL LIMITED**  
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**3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adjustments recognized on adoption of IFRS 16**

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8%.

	<b>January 1, 2019</b>
	<b>US\$</b>
Operating lease commitments disclosed as at December 31, 2018	663,600
Discounted using the lessee's incremental borrowing rate at the date of initial application	608,314
Add: Additional lease liabilities recognized as at December 31, 2018	89,536
(Less): short-term leases recognized on a straight-line basis as expense	(4,800)
<b>Lease liabilities recognized as at January 1, 2019</b>	<b>693,050</b>
Of which are:	
Current lease liabilities	332,969
Non-current lease liabilities	360,081
	<b>693,050</b>

The right-of-use assets of US\$768,299 were measured at the amount equal to the lease liabilities of US\$693,050, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the Statement of Financial Position as at December 31, 2018 of US\$75,249. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

	<b>January 1, 2019</b>
	<b>US\$</b>
Properties	768,299
<b>Total right-of-use assets</b>	<b>768,299</b>

**4. DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following sets out the Group's basis of determining fair values of financial instruments:

**(a) Trade and other receivables**

The fair value of trade and other receivables approximates their carrying value due to their short term nature.

**GEODRILL LIMITED**  
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*For the three months ended March 31, 2019 and 2018*

**4. DETERMINATION OF FAIR VALUES (CONTINUED)**

**(b) Cash**

Cash consists of cash at bank and cash on hand.

**(c) Trade and other payables**

The fair value of trade and other payables approximates their carrying values, due to their short term nature.

**(d) Loans payable**

The fair value of the loans payable approximates their carrying value.

**(e) Share-based payment transactions**

The fair value of share options is measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility, expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

**5. SEASONALITY OF OPERATIONS**

The operations have tended to exhibit a seasonal pattern. The first and fourth quarters are affected due to shutdown of exploration activities, often for extended periods over the holiday season. The second quarter is typically affected by the Easter shutdown of exploration activities affecting some of the rigs for up to one week. The wet season occurs (in some geographical areas where the Group operates, particularly in Burkina Faso and Mali) normally in the third quarter, but in the recent years the global weather pattern has become somewhat erratic. The Group has historically taken advantage of the wet season and has scheduled the third quarter for maintenance and rebuild programs for drill rigs and equipment.

**6. SEGMENT REPORTING**

Segmented information is presented in respect of the Group's operating segments. The primary format (operating segments) is based on the Group's management and internal reporting structure, which is submitted to the Chief Executive Officer ("CEO") who is the Chief Operating Decision Maker. The Group's results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly non-operating income, financing cost, taxation and corporate assets and liabilities which are managed centrally. The operating segments are based on geographical segments categorized as Ghana and Outside Ghana.

For the three months ended March 31, 2019, four customers individually contributed 10% or more to the Group's revenue. One customer contributed 20%, one customer contributed 17%, one customer contributed 16% and one customer contributed 10%.

For the three months ended March 31, 2018, four customers individually contributed 10% or more to the Group's revenue. One customer contributed 29%, two customers contributed 11% each and one customer contributed 10%.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

For the three months ended March 31, 2019 and 2018

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana (3)		Outside Ghana (1) (3)		Intra-group transaction		Total (2) (3)	
	Three month period ended March 31,		Three month period ended March 31,		Three month period ended March 31,		Three month period ended March 31,	
	2019	2018	2019	2018	2019	2018	2019	2018
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Revenue	10,860	7,074	18,307	25,464	(7,040)	(8,286)	22,127	24,252
Other income	2,212	3,700	295	1,030	(2,507)	(4,730)	-	-
Cost of sales	(9,909)	(9,514)	(15,478)	(18,514)	9,636	11,311	(15,751)	(16,717)
Selling, general and administrative	(768)	(946)	(2,053)	(2,930)	106	785	(2,715)	(3,091)
Foreign exchange gain / (loss)	288	(22)	(28)	(84)	-	-	260	(106)
<b>Results from operating activities</b>	<b>2,683</b>	<b>292</b>	<b>1,043</b>	<b>4,966</b>	<b>195</b>	<b>(920)</b>	<b>3,921</b>	<b>4,338</b>
Finance income							3	1
Finance cost							(137)	(114)
Income tax							(2,259)	(2,856)
<b>Income for the period</b>							<b>1,528</b>	<b>1,369</b>
<b>Capital expenditures</b>	<b>1,962</b>	<b>3,364</b>	<b>174</b>	<b>156</b>	<b>-</b>	<b>(438)</b>	<b>2,136</b>	<b>3,082</b>
<b>As at</b>	<b>Mar 31, 2019</b>	<b>Dec 31, 2018</b>	<b>Mar 31, 2019</b>	<b>Dec 31, 2018</b>			<b>Mar 31, 2019</b>	<b>Dec 31, 2018</b>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000			US\$ '000	US\$ '000
<b>Non-current assets</b>	<b>38,597</b>	<b>37,790</b>	<b>7,614</b>	<b>7,488</b>			<b>46,211</b>	<b>45,278</b>
Intra group balances							(1,888)	(2,082)
Per statement of financial position							<b>44,323</b>	<b>43,196</b>
<b>Total assets</b>	<b>65,861</b>	<b>63,520</b>	<b>86,230</b>	<b>85,890</b>			152,091	149,410
Intra group balances							(64,652)	(64,098)
Per statement of financial position							<b>87,439</b>	<b>85,312</b>
<b>Total liabilities</b>	<b>74,593</b>	<b>74,036</b>	<b>12,598</b>	<b>12,035</b>			87,191	86,071
Intra group balances							(62,766)	(62,018)
Per statement of financial position							<b>24,425</b>	<b>24,053</b>

(1) The revenue attributable to the country of domicile of Geodrill Limited, being the Isle of Man, for the three month period ended March 31, 2019 was US\$7,685,553 (March 31, 2018: US\$12,624,674).

(2) Income for the period equals the income for the period as disclosed in the unaudited condensed interim consolidated statements of comprehensive income.

(3) In the Ghana segment, for the quarter ended March 31, 2018, the Group reclassified US\$2,022,245 from selling, general and administrative expenses to cost of sales. In the Outside Ghana segment, for the quarter ended March 31, 2018, the Group reclassified US\$1,887,056 from selling, general and administrative expenses to cost of sales.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2019 and 2018*

**7. EXPENSES BY NATURE**

The Group presents certain expenses in the Condensed Interim Consolidated Statements of Comprehensive Income by function. The following table presents those expenses by nature:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
<b>Expenses</b>		
Wages and employee benefits	7,335,360	8,160,833
Drill rig expenses and fuel	5,132,634	5,311,209
External services, contractors and others	3,208,764	3,958,972
Depreciation	1,850,168	1,486,183
Repairs and maintenance	996,885	969,359
Allowance for doubtful accounts and expected lifetime credit recovery	(57,873)	(78,534)
	<u>18,465,938</u>	<u>19,808,022</u>

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Cost of sales	15,751,328	16,716,891 <sup>(1)</sup>
Selling, general and administrative expenses	2,714,610	3,091,131 <sup>(1)</sup>
	<u>18,465,938</u>	<u>19,808,022</u>

<sup>(1)</sup> For the quarter ended March 31, 2018, the Group reclassified US\$3,909,301 from selling, general and administrative expenses to cost of sales. This reclassification had no impact on the net income or earnings per share for the current or prior periods presented as the reclassification relates to the Unaudited Consolidated Statement of Comprehensive Income only and has no effect on the other unaudited financial statements.

**8. TAXATION**

**(i) Income tax expense**

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Current tax expense (iii)	1,641,146	2,750,987
Deferred tax expense (iv)	617,532	105,330
	<u>2,258,678</u>	<u>2,856,317</u>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2019 and 2018*

**8. TAXATION (CONTINUED)**

**(ii) Taxes payable**

	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Mar. 31 US\$
2019	2,886,000	(1,458,217)	1,641,146	3,068,929
	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Dec. 31 US\$
2018	2,519,065	(7,452,421)	7,819,356	2,886,000

Tax liabilities for Ghana up to and including the 2014 year of assessment have been agreed with the tax authorities in Ghana. The Group's remaining tax position is, however, subject to agreement with the tax authorities in the various tax jurisdictions in which it operates.

**(iii) Reconciliation of effective tax rate**

	March 31, 2019 US\$	March 31, 2018 US\$
Income before tax	3,786,856	4,224,997
Ghana corporate tax at 25%	946,714	1,056,249
Add:		
Effect of different rate tax countries	(355,926)	(412,675)
Over provision from previous year	(103,029)	-
Movement in temporary differences	238,669	118,155
Tax expense before withholding tax	726,428	761,729
	19.2%	18.0%
Add:		
Withholding tax	1,532,250	2,094,588
Total tax expense	2,258,678	2,856,317
Effective tax rate	59.6%	67.6%

During the period ended March 31, 2019, the Group recognized an over provision in tax payable in the amount of US\$103,029 (March 31, 2018: of US\$NIL) reflecting the outcome of tax reviews in jurisdictions in which it operates.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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**8. TAXATION (CONTINUED)**

**(iv) Deferred tax liability**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	707,499	-
Charge for the period	617,532	707,499
Balance at end of the period	1,325,031	707,499

**(v) Recognized deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	3,375,624	3,936,508
Provision for inventory obsolescence	100,334	86,637
Movement in expected lifetime credit losses	15,462	13,406
Allowance for doubtful accounts	194,360	194,360
Property, plant and equipment	(4,292,068)	(4,375,298)
Deferred tax asset not recognized (2)	(718,743)	(563,112)
Total	(1,325,031)	(707,499)

(1) Effective January 1, 2016, the Ghana Revenue Authority introduced the Income Tax Act 2015 (Act 896). This had the impact of transferring unutilized capital cost allowances to losses carried forward. These losses will be available for a period of five years expiring on December 31, 2021.

The Group also has tax losses in Zambia available for a period of five years expiring during the years December 31, 2019 through December 31, 2023.

(2) The deferred tax asset has not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Group can utilize the related tax benefits.

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**9. PROPERTY, PLANT AND EQUIPMENT**

<b>2019</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2019	7,836,460	24,637,055	61,994,806	4,098,596	6,218,460	104,785,377
Additions	-	-	-	-	2,135,564	2,135,564
Reclassifications from CWIP	-	204,237	1,024,416	-	(1,228,653)	-
Assets retired during the period	(55,647)	(62,021)	(437,129)	-	-	(554,797)
<b>Balance at March 31, 2019</b>	<b>7,780,813</b>	<b>24,779,271</b>	<b>62,582,093</b>	<b>4,098,596</b>	<b>7,125,371</b>	<b>106,366,144</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2019	6,095,913	20,107,243	33,184,612	2,201,244	-	61,589,012
Charge for the period	127,993	380,159	1,189,444	51,704	-	1,749,300
Assets retired during the period	(55,647)	(62,021)	(437,129)	-	-	(554,797)
<b>Balance at March 31, 2019</b>	<b>6,168,259</b>	<b>20,425,381</b>	<b>33,936,927</b>	<b>2,252,948</b>	<b>-</b>	<b>62,783,515</b>
<b>Carrying amounts at March 31, 2019</b>	<b>1,612,554</b>	<b>4,353,890</b>	<b>28,645,166</b>	<b>1,845,648</b>	<b>7,125,371</b>	<b>43,582,629</b>

(1) Drill rigs include drill rigs components and rebuilds which are depreciated at the appropriate rates in accordance with the Group's accounting policies.

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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>2018</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2018	7,054,991	22,667,804	58,170,767	3,738,630	4,928,751	96,560,943
Additions	-	-	-	-	10,494,598	10,494,598
Reclassifications from CWIP	781,469	2,485,918	5,577,536	359,966	(9,204,889)	-
Assets retired during the year	-	(516,667)	(1,753,497)	-	-	(2,270,164)
<b>Balance at December 31, 2018</b>	<b>7,836,460</b>	<b>24,637,055</b>	<b>61,994,806</b>	<b>4,098,596</b>	<b>6,218,460</b>	<b>104,785,377</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2018	5,625,731	19,236,680	30,416,062	2,000,290	-	57,278,763
Charge for the year	470,182	1,387,230	4,522,047	200,954	-	6,580,413
Assets retired during the year	-	(516,667)	(1,753,497)	-	-	(2,270,164)
<b>Balance at December 31, 2018</b>	<b>6,095,913</b>	<b>20,107,243</b>	<b>33,184,612</b>	<b>2,201,244</b>	<b>-</b>	<b>61,589,012</b>
<b>Carrying amounts at December 31, 2018</b>	<b>1,740,547</b>	<b>4,529,812</b>	<b>28,810,194</b>	<b>1,897,352</b>	<b>6,218,460</b>	<b>43,196,365</b>

(1) Drill rigs include drill rigs components and rebuilds which are depreciated at the appropriate rates in accordance with the Group's accounting policies.



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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Depreciation has been charged in comprehensive income as follows:

	March 31, 2019 US\$	March 31, 2018 US\$
Cost of sales	1,732,530	1,438,955 <sup>(1)</sup>
Selling, general and administrative expenses	16,770	47,228 <sup>(1)</sup>
	<u>1,749,300</u>	<u>1,486,183</u>

<sup>(1)</sup> For the quarter ended March 31, 2018, the Group reclassified depreciation of US\$97,660 from selling, general and administrative expenses to cost of sales. This reclassification had no impact on the net income or earnings per share for the current or prior periods presented as the reclassification relates to the Unaudited Consolidated Statement of Comprehensive Income only and has no effect on the other unaudited financial statements.

As at March 31, 2019, property, plant and equipment with a carrying amount of US\$14,023,221 (December 31, 2018: US\$14,436,298) have been pledged as security for certain loans (Note 14).

**10. RIGHT-OF-USE ASSETS**

	Right-of-use Assets Leased Properties US\$
<b>Cost</b>	
Balance at December 31, 2018	-
Amount recognized on transition of IFRS 16	768,299
Balance at January 1, 2019	768,299
Additions	73,424
<b>Balance at March 31, 2019</b>	<b>841,723</b>
<b>Accumulated Depreciation</b>	
Balance at December 31, 2018	-
Amount recognized on transition of IFRS 16	-
Balance at January 1, 2019	-
Charge for the period	100,868
<b>Balance at March 31, 2019</b>	<b>100,868</b>
<b>Carrying amounts at March 31, 2019</b>	<b>740,855</b>

Depreciation in the amount of US\$100,868 has been charged in comprehensive income under selling, general and administrative expenses for the three months ended March 31, 2019.

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**11. INVENTORIES**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Inventories on hand	17,905,268	17,133,638
Inventories in transit	269,174	471,640
Provision for obsolescence	(480,377)	(405,765)
	<u>17,694,065</u>	<u>17,199,513</u>

The amount of inventories recognized as expense in the three months ended March 31, 2019 is US\$6,761,035, (March 31, 2018: US\$7,370,376). Reversal of inventory write downs in the three months ended March 31, 2019 amounted to US\$33,663 (March 31, 2018: write downs of US\$185,283).

**12. TRADE AND OTHER RECEIVABLES**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Trade receivables	21,196,696	20,005,224
Allowance for doubtful accounts	(1,053,038)	(1,110,911)
Net trade receivables	20,143,658	18,894,313
Cash advances	35,561	50,751
Sundry receivables	164,040	116,694
	<u>20,343,259</u>	<u>19,061,758</u>

The movements in the expected lifetime credit losses and allowance for doubtful accounts is as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	1,110,911	217,845
Movement in expected lifetime credit losses in the period	(57,873)	20,296
Provisions made in the period	-	872,770
Receivables recovered in the period	-	-
Balance at end of period	<u>1,053,038</u>	<u>1,110,911</u>

Trade and other receivables are recorded at amortized cost. Bad debt recovery recorded on trade and other receivables during the period ended March 31, 2019 amounted to US\$Nil (December 31, 2018: US\$Nil).

As at March 31, 2019, trade receivables with a carrying amount of US\$10,685,685 (December 31, 2018: US\$8,681,897) have been pledged as security for certain loans (Note 14).

The Group measures the loss allowance for trade receivables at an amount equal to expected lifetime credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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**13. CASH**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Cash at bank	3,825,190	4,503,641
Cash on hand	99,131	113,442
	<u>3,924,321</u>	<u>4,617,083</u>

As at March 31, 2019, cash of US\$3,924,321 was available to the Group (December 31, 2018: US\$4,617,083).

**14. LOANS PAYABLE**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
US\$6.5M Medium Term Loan (i)	4,875,000	5,416,667
US\$3.5M Revolving Line of Credit (ii)	500,000	500,000
Equipment Loan (iii)	301,307	361,569
Total	<u>5,676,307</u>	<u>6,278,236</u>
Current portion of loans	2,907,713	2,907,713
Non-current portion of loans	<u>2,768,594</u>	<u>3,370,523</u>

**(i) US\$6.5M Medium Term Loan**

On April 24, 2018, the Group entered into a Medium Term Loan with Ecobank Ghana Limited. The Medium Term Loan in the amount of US\$6.5 million (the "US\$6.5M Medium Term Loan") matures on April 30, 2021. Principal is repaid in 12 equal quarterly instalments required to satisfy the principal over the term of the loan commencing on July 31, 2018. Interest is payable monthly in arrears. The US\$6.5M Term Loan bears interest at a rate of 8.5% per annum and is subject to periodic review in line with market conditions. The US\$6.5M Term Loan is secured by certain assets of the Group (Note 9 and Note 12). The US\$6.5M Term Loan may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The effective interest rate of the US\$6.5M Term Loan is 9.1%. The US\$6.5M Medium Term Loan is subject to, and as at March 31, 2019, the Group was in compliance with normal course covenants.

**(ii) US\$3.5M Revolving Line of Credit**

On April 24, 2018, the Group entered into a Revolving Line of Credit with Ecobank Ghana Limited. The Revolving Line of Credit in the amount of US\$3.5 million (the "US\$3.5M Revolving Line of Credit") matures on April 30, 2019, repayable interest only monthly and principal one year after initial drawdown, bears interest at a rate of 8.5% per annum on any utilized portion and is subject to periodic review in line with market conditions. The US\$3.5M Revolving Line of Credit is secured by certain assets of the Group (Note 9 and Note 12). The US\$3.5M Revolving Line of Credit may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The US\$3.5M Revolving Credit Line is subject to, and as at March 31, 2019, the Group had drawn US\$0.5M on the US\$3.5M Revolving Line of Credit. The US\$3.5M Revolving Credit Line is subject to, and as at March 31, 2019, the Group was in compliance with, normal course covenants.

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**14. LOANS PAYABLE (CONTINUED)**

**(iii) Equipment Loan**

On March 6, 2017, the Company entered into a Supply of Goods and Services Contract (“Equipment Loan”) with Sandvik Canada Inc. (“Sandvik”) relating to the purchase of two drill rigs with a total purchase price of US\$0.9 million. The Equipment Loan required a down payment and the repayment of the balance over a period of 36 months with payments being made once a quarter. The Equipment Loan bears interest at 7.7% per annum, includes an arrangement fee and stipulates that the final title to the rigs will only pass once the purchase price has been paid in full. All other risks and rewards of ownership lie with the Company. The effective interest rate of the Equipment Loan is 7.93%.

**15. TRADE AND OTHER PAYABLES**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Trade payables	6,640,115	6,321,261
Creditors and accrued expenses	4,884,820	4,439,756
VAT liability	1,487,021	2,497,396
	<hr/> 13,011,956	<hr/> 13,258,413

**16. FAIR VALUES OF FINANCIAL INSTRUMENTS**

As at March 31, 2019 and December 31, 2018, the Group did not hold any financial assets at fair value through profit or loss, derivatives or available-for-sale financial assets.

The carrying values of cash, trade and other receivables, trade and other payables and related party payables approximate their fair value due to the relatively short period to maturity of the instruments. The carrying value of loans payable approximates their fair value as the fixed rate loans have been acquired recently and their carrying value continues to reflect fair value.

There were no financial instruments classified as level 2 or 3 in the fair value hierarchy at March 31, 2019 and December 31, 2018.

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**16. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Financial Instruments by Category**

	Financial Assets US\$	Financial Liabilities US\$	Carrying Amount US\$	Total Fair Value US\$
<b>March 31, 2019</b>				
<b>Financial assets</b>				
Trade and other receivables	20,343,259	-	20,343,259	20,343,259
Cash	3,924,321	-	3,924,321	3,924,321
	24,267,580	-	24,267,580	24,267,580
<b>Financial liabilities</b>				
Trade and other payables	-	11,524,935	11,524,935	11,524,935
Related party payables	-	693,000	693,000	693,000
Loans payable	-	5,676,307	5,676,307	5,676,307
Lease liabilities	-	649,640	649,640	649,640
	-	18,543,882	18,543,882	18,543,882
<b>December 31, 2018</b>				
<b>Financial assets</b>				
Trade and other receivables	19,061,759	-	19,061,759	19,061,759
Cash	4,617,083	-	4,617,083	4,617,083
	23,678,842	-	23,678,842	23,678,842
<b>Financial liabilities</b>				
Trade and other payables	-	10,761,017	10,761,017	10,761,017
Related party payables	-	923,025	923,025	923,025
Loans payable	-	6,278,236	6,278,236	6,278,236
	-	17,962,278	17,962,278	17,962,278

**17. RELATED PARTY TRANSACTIONS**

Related party	Relationship	Country of Incorporation	Ownership Interest	
			2019	2018
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
D.S.I. Services Limited	Subsidiary	British Virgin Islands	100%	100%
Geotool Limited	Subsidiary	British Virgin Islands	100%	100%
Geo-Forage BF SARL	Subsidiary	Burkina Faso	100%	100%
Geo-Forage Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geo-Forage Mali SARL	Subsidiary	Mali	100%	100%
Geo-Forage Senegal SARL	Subsidiary	Senegal	100%	100%
Geodrill Limited in Zambia	Registered foreign operating entity	Zambia	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geodrill Mauritius Limited	Subsidiary	Mauritius	100%	100%
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-

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**17. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(i) Transactions with related parties**

Transactions with companies within the Group have been eliminated on consolidation.

The Harper Family Settlement owns 40.1% (December 31, 2018: 40.1%) of the issued share capital of Geodrill Limited. On September 30, 2015, Geodrill Ghana Limited entered into lease agreements with The Harper Family Settlement for the Anwiankwanta property and for the Accra property, both for a five year term at rates consistent with those determined pursuant to the October 1, 2014 rent review. The material terms of the five year lease agreements include: (i) the annual rent payable shall be reviewed on an upward only basis every two years; and (ii) only Geodrill Ghana Limited can terminate the leases by giving twelve months' notice. On October 1, 2016, in conjunction with the rent review, Geodrill Ghana Limited agreed to the increase in rent for the Anwiankwanta property to US\$186,000 per annum and the increase in rent for the Accra property to US\$78,000 per annum. It was also agreed that all future rent increases will be based on USA inflation data. On August 17, 2018, the lease agreements were updated to arrange for appropriate property damage and liability insurance but all other terms and conditions remained unchanged. On October 1, 2018, in conjunction with the rent review, Geodrill Ghana Limited agreed to the increase in rent for the Anwiankwanta property to US\$194,000 per annum and the increase in rent for the Accra property to US\$82,000 per annum.

For the period ending March 31, 2019, the right-of-use assets relating to the properties above was US\$390,427 and the related lease liabilities were US\$394,229.

**(ii) Key management personnel and directors' transactions**

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of the family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as directors of the Group and other management staff. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

Key management personnel and directors' compensation for the period comprised:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Short-term benefits	952,273	611,063
Share-based payment arrangements	30,923	84,854
	<u>983,196</u>	<u>695,917</u>

**(iii) Related party balances**

The related party payable outstanding as at March 31, 2019 amounts to US\$693,000 (December 31, 2018: US\$923,025) as the Group repaid US\$230,025 for the period ending March 31, 2019. The related party payable is to The Harper Family Settlement, is unsecured, interest free and is repayable on demand at the option of the lender.

**18. COMMITMENTS**

As at March 31, 2019, the Group had no capital commitments (December 31, 2018: US\$NIL).

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**19. SHARE CAPITAL AND RESERVES**

**(i) Share capital**

Shares have no par value and the number of authorized shares is unlimited.

<b>Share capital</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Shares issued and fully paid	43,884,500	43,574,500
Shares reserved for share option plan	4,388,450	4,357,450
<b>Total shares issued and reserved</b>	<b>48,272,950</b>	<b>47,931,950</b>

**Reconciliation of changes in issued shares**

	<b>March 31, 2019</b>	<b>December 31, 2018</b>
Shares issued and reserved at January 1,	43,574,500	43,300,400
Stock options exercised	310,000	335,000
Share buy-back	-	(60,900)
<b>Shares issued and reserved at end of period</b>	<b>43,884,500</b>	<b>43,574,500</b>

All shares rank equally with regards to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the Company.

During the period ended March 31, 2019, the Company did not re-purchase any shares (December 31, 2018: 60,900 shares were repurchased at an average price of C\$1.94).

**(ii) Share-based payment reserve**

The share-based payment reserve is comprised of the equity portion of the share-based payment transaction as per the Company's share option plan.

The share-based payment expense for the period ended March 31, 2019 amounted to US\$30,923 (March 31, 2018: US\$97,621) and was included in selling, general and administrative expenses in the Condensed Interim Consolidated Statements of Comprehensive Income.

**(iii) Retained earnings**

This represents the residual of cumulative profits that are available for distribution to shareholders.

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**20. EARNINGS PER SHARE**

**(i) Basic earnings per share**

The calculation of basic earnings per share for the three month period ended March 31, 2019 was based on the income attributable to ordinary shareholders of US\$1,528,178 (income for 2018: US\$1,368,680) and on the weighted average number of ordinary shares outstanding of 43,629,500 (2018: 43,313,945) calculated as follows:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Income attributable to ordinary shareholders	1,528,178	1,368,680
<hr/>		
<b>Weighted average number of ordinary shares</b>		
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>Shares</b>	<b>Shares</b>
Issued ordinary shares	43,629,500	43,313,945
<hr/>		
Earnings per share	\$0.04	\$0.03

**(ii) Diluted earnings per share**

The calculation of diluted earnings per share for the three month period ended March 31, 2019 was based on the income attributable to ordinary shareholders of US\$1,528,178 (2018: US\$1,368,680) and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 44,499,366 (2018: 44,655,055), calculated as follows:

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>US\$</b>	<b>US\$</b>
Income attributable to ordinary shareholders	1,528,178	1,368,680
<hr/>		
<b>Weighted average number of ordinary shares - diluted</b>		
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares - basic	43,629,500	43,313,945
Effect of share options in issue	869,866 <sup>(1)</sup>	1,341,110 <sup>(2)</sup>
<hr/>		
	44,499,366	44,655,055
<hr/>		
Diluted earnings per share	\$0.03	\$0.03

(1) For the three months ended March 31, 2019, 1,536,600 options in issue were dilutive and did have an effect of \$0.01 on the calculation of the diluted earnings per share.

(2) For the three months ended March 31, 2018, 2,371,600 options in issue were dilutive but they did not have an effect on the calculated amount of diluted earnings per share.

**21. DIVIDENDS**

No dividends were paid in 2019 or 2018, and no dividends were declared through to May 11, 2019.



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**22. EQUITY-SETTLED SHARE-BASED PAYMENTS**

**Share Option Plan (“SOP”)**

The Company has established a SOP, which is intended to aid in attracting, retaining and motivating the Group’s employees, directors, consultants and advisors through the granting of stock options.

The maximum aggregate number of Ordinary Shares reserved for issuance pursuant to the SOP shall not exceed 10% of the total number of Ordinary Shares then outstanding. The maximum number of Ordinary Shares reserved for issuance pursuant to the SOP and any other security based compensation arrangements of the Company is 10% of the total number of Ordinary Shares then outstanding.

	<b>March 31, 2019</b>		<b>December 31, 2018</b>	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	3,931,600	C\$1.38	4,156,600	C\$1.38
Granted May 16, 2018			110,000	C\$2.00
Total Granted	-		110,000	C\$2.00
Exercised March 11, 2019	(45,000)	C\$0.84		
Exercised March 12, 2019	(45,000)	C\$0.84		
Exercised March 14, 2019	(25,000)	C\$0.84		
Exercised March 18, 2019	(150,000)	C\$0.84		
Exercised March 19, 2019	(30,000)	C\$0.84		
Exercised March 21, 2019	(15,000)	C\$0.84		
Exercised January 15, 2018			(24,500)	C\$0.81
Exercised March 8, 2018			(90,000)	C\$0.72
Exercised March 8, 2018			(5,500)	C\$0.81
Exercised March 15, 2018			(35,000)	C\$0.81
Exercised March 19, 2018			(15,000)	C\$0.81
Exercised May 9, 2018			(45,000)	C\$0.81
Exercised May 11, 2018			(15,000)	C\$0.81
Exercised May 14, 2018			(105,000)	C\$0.81
Total Exercised	(310,000)	C\$0.84	(335,000)	C\$0.79
Balance ending	3,621,600	C\$1.49	3,931,600	C\$1.44

The following table summarizes the options outstanding at March 31, 2019:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on May 22, 2014	C\$0.84	15,000	2 mos	15,000
Granted on May 19, 2015	C\$0.51	210,000	1 Yr & 2 mos	210,000
Granted on March 14, 2016	C\$0.79	1,311,600	1 Yrs & 11 mos	1,311,600
Granted on June 30, 2016	C\$1.62	360,000	2 Yrs & 3 mos	360,000
Granted on May 12, 2017	C\$2.14	1,615,000	3 Yrs & 2 mos	1,120,000
Granted on May 16, 2018	C\$2.00	110,000	4 Yrs & 2 mos	110,000

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2019 and 2018*

**22. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)**

The fair values of options granted were calculated using the Black-Scholes option pricing model with the following assumptions:

Granted on	May 22, 2014	May 19, 2015	March 14, 2016	June 30, 2016	May 12, 2017	May 16, 2018
Risk free interest rate	1.37%	1.10%	1.10%	0.57%	1.04%	1.04%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Stock price volatility	55%	111%	46%	52%	50%	40%
Expected life of options	5 years	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	30%	30%	30%	30%	30%	30%

Where relevant, the expected life used in the model used to determine the accounting value attributable to the options has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on historical share price volatility over relevant periods.

**23. COMPARATIVE INFORMATION**

Certain of the comparative information has been reclassified to conform to the presentation adopted in the current year. The impact of the reclassification on selling, general and administrative and cost of sales is disclosed in Note 6, Note 7 and Note 9. There was no impact to the financial position or net income as a result of the reclassification.

**24. SUBSEQUENT EVENT**

On April 23, 2019, the Group renewed the US\$3.5M Revolving Line of Credit maturing on April 30, 2019 for a further term of one year, maturing on April 30, 2020. The US\$3.5M Revolving Line of Credit's terms and conditions remain unchanged and are disclosed in Note 14 (ii).